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A common monetary unit for America

Santiago de Chile

1915

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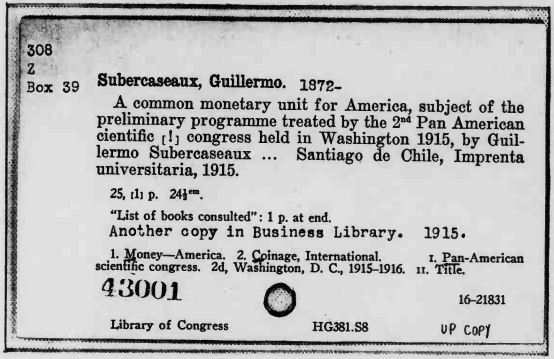

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A Common Monetary Unit

FOR AMERICA

Subject of the Preliminary Programme
treated by the
2nd Pan American Cientific Congress
held in Washington 1915

BY

GUILLERMO SUBERCASEAUX

Professor of Political Economy in the University of Chile,
Deputy of the National Congress
and member of the Pan-American International High Commission of Finance.

SANTIAGO DE CHILE
IMPRENTA UNIVERSITARIA
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1915

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A common monetary unit for America.

«A common money unit for use throughout America: — Central and South American countries have several different monetary units varying in value from the «Bolivar» of Venezuela to the «Peso» of Uruguay. International exchange between American nations would be greatly benefited by the adoption of a common monetary unit as was done by the countries adhering to the Scandinavian and Latin «Monetary Union» All American nations interested in this matter should try to bring about an exchange of ideas on this question».

(Subject of the preliminary Programme treated by the 2nd Pan-American Cientific Congress held in Washington (1915).

I.

Historical outline of the monetary system throughout North and South America.

The primitive inhabitants of America, that is to say, those found by the Europeans on their discovery and conquest of America, had no object specially destined to fill the roll which is fulfilled

by the coined money of to-day, but used as money such merchandise as most adapted itself to easy exchange. The system of exchange (or barter) of one kind of merchandise for another, was the only way in which those primitive people carried on their small commerce.

The American aboriginal had just then taken the first step towards establishing a monetary system, which was still in the form of merchandise, that is to say, certain merchandises which specially lent themselves to this object had taken the form of a monetary standard [1]).

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[1]) The Mexicans held certain fairs or markets to which the different goods to be exchanged were brought, and there those interested, bartered one merchandise for another. According to reliable historians five different kinds of merchandise were distinguished by their use as money. A certain kind of cocoa, small pieces of cotton, small transparent quills containing grains of gold, pieces of copper in the form T. and also pieces of tin. (Francisco Clavijero, *Hist. Antigua de Mexico*, trad. del italiano, vol. I).

Winsor's History of America pubished in Boston and New York referring to this matter says: «There is no good comprehensive account of American prehistoric trade. The T. shaped pieces of copper in use by the Mexicans, came nearest to currency as we understand it, unless it be *wampun* of the North American Indians, and the shell money in use on the Pacific coast, but it should be remembered that copper axes and copper plates served such a purpose with some tribes.»

«The chief source of trade in such condition was barter, and we know how the Mexican travelling merchants got information that was availed of by the Mexican marauders in their invasions.»

«Baudelier gives us references on the barter system, the traders and the currency in that country, and we need to consult B. W. Behrnauer's, *Essai sur le commerce dans le Mexique et en Perou, in the Archives de la Soc. Amer. de France.*»

In general the system of barter or exchange of merchandise was predominant. Father Acosta, quoted by the Chilian historian Jose T. Medina, says that the Indians in order to sell or purchase used no money but exchanged one thing for another, the same as the ancient people referred to by Homer and Plinus. There were some things much esteemed by the people which served as currency; and even until the present day the Indians still preserve this custom. («Money used by the Indians», *Annals of the University of Chile*, 1910).

We can see then that certain articles such as «coca», «cocoa» etc. etc. were used as currency, whether these were products which were scarse in some parts and were brought there for exchange or were manufactured goods such as textiles etc.

The American Indians thus found themselvs in that early period taking the first step towards establishing a currency in which money was a merchandise, but was distinguished amongst the others for its facility of interchange. Coined money, that is to say, a certain currency established by the State for monetary transactions, was then unknown in America. In spite of the progress of the Peruvian Incas, due perhaps to the community organization of their economical system, their monetary condition was very little developed. The want of a standard money is little felt where the State regulates the distribution of goods and where there is not private holdings.

Metallic money coined by the State was instituted in America by the European conquerors. The real monetary system, properly speaking, began with the European colonization.

The nations created by the European conquest and colonization, beginning with the XV century,

that is to say, the European colonies had the money authorised by their respective Governments.

On American countries constituting themselves independent, they adopted their own monetary system.

American nations on establishing their national monetary system took as their standard unit, that which had the greatest circulation in America at that time. The monetary system of the American Republics was in a certain measure derived from the colonial standard.

The forerunner of the «peso» of the Spanish American countries, as well as of the United States «Dollar» was the old «peso» or «duro» of Spanish origin, This was the coin called «pieces of eight» «reales de a ocho» which was coined in America in the 16th century. The first «pieces of eight» «reales de a ocho» known to us and coined in America belonged to the reign of Phillip the Second and were coined in the mints of Mexico and Potosí». (Adolfo HERRERA, *El duro*).

José T. Medina mentions «pieces of eight» coined in the reign of Charles the V in Mexico. The coin «piece of eight» contained in its early condition 423.9 grains of silver, whose proportion of pure silver was ·931. That is to say the «piece of eight» contained 394.5 grains of pure silver [1]). This quantity underwent several modifications later.

There was also a gold coin of equal value [2]).

[1]) «Dollar» PELGRAVSÉ, *Dictionary of Pol. Ec.*

[2]) Father ROSALES in his *History of Chile*, says: «By the decree of march 1613 every gold *peso castellano* was ordered to be valued in 589 maravedies. The gold peso in Chile, being of perfect standard was valued at 450 maravedies.» (*Monedas Chilenas*, J. T. MEDINA).

This coin «piece of eight» constituted from the Spanish «peso» which had such a large circulation during the Colonial epoc, is as I have said, the forerunner of the greater part of the American monetary systems.

The first national money in Chile was that ordered to be coined immediately after the establishment of the Independent Gobernment in Santiago under decree dated 9th June 1817. This was a silver coin of the same weight and alloy as the existing Colonial one but instead of the effigy of the Spanish Kings bore the inscription «Libertad» «Unión» and «Fuerza».

The same was afterward done with the gold coins. The first national monetary law enacted by the Chilian Congress was that of the 24th Oct. 1834, which determined gold and silver coins on the existing base of the «peso». In 1851 the decimal system was employed for the first time in Chilian coinage; the gold «peso» weighing 1.521 grains with ·9 degree of finenes, and the silver «peso» weighing 25 grams with an equal degree of fineness.

In the Argentine Republic the Gold and silver currency of the Colonial period remained in circulation during the early days of Independence, until 1813. (Felix Martin HERRERA, *Curso de Economia Política*. Buenos Aires, 1903). At this time the National Assembly decreed that gold and silver

money should be coined in the Potosi mint. These coins had the same weight and alloy as those they were replacing, thus the origin of the Argentine monetary system was derived from the Spanish one with the «peso» as unit.

The national monetary system was established in Mexico in the year 1823. «But only as regards the emblematic part of the coin, because this still retained the intrinsic value, weight and fineness of 40 years before». (P. MACEDO, G. MARTINEZ SOBRAL, *La reforma monetaria de Mexico.* Mexico, 1909).

The same happened more or less, in all the other Republics of Spanish origin, their monetary systems were merely derived from the old Spanish one.

The Brazilian monetary system was only a derivation from that of Portugal. See: (J. P. CALOGERAS, *La politique monetaire du Brazil.* Rio de Janeiro, 1893 and A. CAVALCANTI, *O meio circulante nacional.* Rio de Janeiro, 1893).

The United States during the Colonial epoc used English coins, but on account of the scarsity of this currency it may be said that it only existed in name and was called «money of account». The Spanish «peso» was really the circulating medium and was used in the majority of transactions (H. White). On the declaration of Independence the «Dollar» was adopted as the National money Standard but this was really the Spanish «peso» coined as a national money by the new Republic. On making this reform which gave a uniform monetary system to the American confederation,

it was necessary to overcome some difficulties [1]).

In 1786 the weight of pure silver in the Dollar was fixed in 375.64 grains of fine silver, the alloy being $\frac{1}{12}$. The relative value of gold to silver was in that time (1792) in the ratio of 1 : 15.

The monetary system adopted by all the Republics of both Americas based on the Spanish «peso» was the bi-metal system then in use throughout the world.

From the preceeding we see then that the money unit of the different American countries whether called «the Nacional» in the Argentine, the «Bolívar» in Venezvela, the «Cóndor» in Colombia», the «Sucre» in Ecuador, the «Sol» in Peru, the «Boliviano» in Bolivia or the «Dollar» in the United States, all come from one common root, the old «peso» of the Spanish Colonies.

We shall now consider the reasons why the different monetary units of the American countries, although derived from one common base, should

[1]) The relative value between the «peso» and the English money was not the same in all Colonies.

In North Carolina and New York the «Dollar» was worth eight shillings. In Georgia it was worth five shillings; in Virginia six etc. etc. (*The principles of money*, LAUGHLIN. London 1903, page 456).

The name or word «Dollar» is derived from the German of Bohemia «Thaller» of the XVI century, when it was called «reichs-thaler» or «rix-dollar». This was the origin of the name «Dollar» applied to the Spanish «peso». (Dollar, *Dictionary of Pol. Economy* by PALGRAVE, London 1915.

have followed such different courses and have such different histories.

Anyone studing the existing conditions of international exchange, that is to say, the gold value which the different monetary units of the different American Republics have to day, finds it difficult to believe that they could have descended from the same origin. We have here the gold contained in each of these different monatery units.

UNITED STATES: 1.672 grams of 0.900 fineness.

MEXICO before the revolution. (Law of 1904) 0.833 grams of 0.900 fineness.

HONDURAS..... (silver standard)
COSTA RICA..... 0.7780 grams of 0.900 fineness·
SAN SALVADOR.. (silver standard)
GUÁTEMALA..... » »
NICARAGUA ..... 1.6718 grams of 0.900 fineness.
CUBA..... 1.672 » » 0.900 »
VENEZUELA ..... 0.32258 » » 0.900 »

COLOMBIA: 100 «pesos» paper money equivalent to 1 «peso» gold of 1.5976 grams.

ECUADOR: 24 pence = 0.73224 grams.

PERÚ: (The sol or peso became so depreciated as to lose its value and in its place a new gold unit was established called a «libra» or pound sterling the same as in England (Law of 1897).

BOLIVIA: Has a limited silver currency and also Bank paper; the international exchange is to-day about 15½ pence.

CHILE: The gold peso is 0.599103 grams, with a fineness of 0.916, there is also paper money in circulation and the exchange on London is about 9 pence.

ARGENTINE REPUBLIC: The gold «peso» weighs 1.6129 grams with 0.900 fineness, but with the advent of paper currency the Conversion Office redeems it at the rate of 44 cents gold for 1 «peso».

URUGUAY: 1.697 grams of 0.917 fineness.

PARAGUAY: Paper currency. Gold commands a premium of 3,500% more or less.

BRAZIL: The monetary unit is the «un mil reis» redeemable before the war at 16-d by the Caisca de Conversão.

What have been the causes which have produced these differences in the value of the «peso» as an American money unit?

Why does the «peso» in some Republics like the United States and Uruguay maintain a value one hundred times that of the «peso» in other countris as for example Colombia?

Numerous causes have contributed towards this phenomenon.

The first of these is that when each Republic established its own national monetary system, there was no common accord amongst them to found and to maintain an equal basis.

The quantity of fine metal employed in the coinage of the «peso» adopted by the different American Republics on entering their independent life was not always exactly the same; and what was still more serious, in the different laws which came into force afterwards, very little effort was made to maintain uniformity in the currencies of América.

Durning the previous bi-metallic Sistem the variations of value between gold and silver caused continual modifications to be made in the weight of

the coins, assuring thus that the relative values enforced by law were in accordance with the relative values in the money market. Thus, for example, the United States on establishing the bi-metal system in 1792 had adopted the proportion of 15 to 1 between silver and gold. In 1817 the gold coins had disappeared from circulation (H. White). To obtain a return of the gold to circulation a monetary reform was enacted in 1834 adopting the proportion of 16:1 which being very favourable for the gold tended to give this currency a dominant position.

Notwithstanding the monetary reform of 1816, made in England in favour of the gold unit, silver currency was still very popular throughout America.

In the different reforms introduced, for one reason or another in the monetary systems of various American nations, no effort was made to proceed by common accord; each country proceeding freely and independently in fixing the amount of gold or silver which the respective coins ought to contain. We have here some of the units established by certain monetary laws previous to the year 1870, that is to say, during the period in which both gold and silver currencies were equally appreciated.

Chilian Law 1851.—
1 «Peso» silver=25 grams with 9/10 fineness
1 » gold = 1.5253 » » 9/10 »

Uruguayan Law 1862.—
1 «Peso» silver=25.480 grams with 0.917 fineness
1 » gold = 1.697 » » 0.917 »

Mexican Law 1867.—
1 «Peso» silver=27.074 grams with 0.9027 fineness
1 » gold = 1.692 » » 0.875 »

Peruvian Law 1864.—
1 «Peso» gold = 1.6129 grams.

The fall in the value of silver which took place after 1870 had a great effect on the whole bi-metal system then existing throughout America.

The relative values of silver and gold had been maintained at about $15\frac{1}{2}$:1. from the beginning of the XIX until the year 1870. That is to say, during the independent life of the American Republics. From this date onward, and in the measure that the European Nations (following the example of England) suspended the free coinage of silver and established gold as their only standard the value of silver greatly decreased. This caused the exportation of the gold coins from the few American Republics which actually had then in circulation. I say in actual circulation, because at this time the majority were using paper currency.

In Chile, according to law, the relative value between silver and gold was 16.39:1, in consequence after 1870 all the gold coins in circulation disappeared, leaving only those of silver. The international exchange began to fall on account of the decrease in the value of silver.

The Republics which were not under the paper money regime, were left with silver as their only

monetary standard, although according to law, they were still under a bi-metal system. Mexico and Bolivia are still in this condition, the present rate of exchange for their national money is due to the depression in the value of silver. Mexico under law of 1867 had fixed a «peso» unit of 1.697 grams but in 1905 was obliged to reduce it to 0.833 grams.

Another cause, even more serious than those mentioned and which explains the great differences in value between the monetary units of the different American countries, which had the Spanish «peso» as the origin of their-monetary system is the *inconvertibility of their notes or paper money.*

Nearly all the American Republics have been obliged to fall on paper currency during the first century of their independence.

The United States adopted paper currency in the year 1775, during the war for independence and issued the so called «continental money» afterwards known as «a synonyme for an absolutely worthless thing». They used it again from 1862 until 1875. Colombia established paper currency in 1881. Peru from 1875 until 1887 [1]). Chile in 1865 had recourse to a brief paper currency which was soon called in. And again in 1878, this being redeemed in 1895, returning to the same system 1898. To-day Chile is under the paper money regime.

The Argentine Republic issued paper money for

[1]) The paper money ussued by Colombia in 1811 and by Perú in 1815 and 1822, which was a complete failure, as was that issued by the United States primitively is not mentioned.

the first time in 1826, and this system, with a few interruptions was maintained until 1899. Paraguay has been until the present, and to-day is still under the paper money system. In Brazil we find that the inconvertible paper currency began in 1820 and with a few short interruptions still continues under this regime. (See, my work on this subject called *El papel moneda,* Santiago 1912.)

Few American Republics maintain themselves free from paper currency and amongst these we may mention, Uruguay, Bolivia and Ecuador. This is due not so much to their good financial government as to the opposition of the people to accept the paper currency issued by the State.

Great fluctuations of the international exchange came together with the paper currency. In general it may be said that the depreciation of paper money has been a predominant feature. In Brazil international exchange which in 1841 stood at about 30 pence had fallen in 1905 to 15 pence. In the Argentine international exchange has been fixed, by the redemption office, «Caja de Conversion» at 44 cents of the gold peso.

In Chile we have an exchange at 9 pence. The paper money regime of Peru brought the «peso» to a completely valueless condition in 1887. In Colombia this fall in the value of paper money has been detained at the exceedingly low rate of 1 peso gold for 100 paper.

In the United States the value of the «Dollar» was greatly decrease owing to the effects of paper money, and it was only possible to re-establish it

at par, after suffering the consequences of a very serious crisis, and owing to the great national wealth.

If a complete understanding had existed among the American Republics in fixing the same « peso » as a monetary unit for all, that is to say, if the « peso » of all American countries had been of the same value in gold; the difference in value would have been caused nevertheless by the majority of the Republics having recourse to paper money.

Therefore the inconvertible note, or paper currency, has caused very serious discord amongst the monetary systems of the American Republics.

II.

The question of adopting a common money unit throughout America.

We have here a practical question of Political Economy. Is it possible to-day to adopt one only unit of money for all the American Republics? Is such a policy to be recommended?

Before going any further we must first enquire in what the reform would consist, that is to say, which project of *monetary union* ought to be adopted? As the American Republics are free and independant states, quite separate one from another, each one exercising its own soverignty, *the panamerican monetary union* ought to be more or less

the same as the Latin Monetary Union, which is formed by a convention composed of France, Belgium, Switzerland, Italy and Grece, signed in 1865, and existing up to the present day.

According to this convention, or agreement, carried out during bi-metal times, each of the countries, on signing the agreement compromised itself to adopt the French monetary system based on the franc. The coinage of each of them, whether of gold or silver, or of different denominations or with differents emblems, should have or contain the same quantity of fine metal. Each of the contracting countries obliged itself to receive, without any limitation, in payments made to the government, the gold coins and silver pieces of 5 francs issued by ayn of the others.

All other minor or divisionary coinage would only be received up to the amount of 100 francs. These divisionary coins to be exchanged for gold, and for silver 5 franc pieces. The coin of each of the countries signing the agreement was not obligatory for contracts made by private individuals in any of the other States. Thus, for example, the Belgian coins were not legal tender in France. The agreement declared that all gold or silver coins of light weight ought to be retired from circulation.

In 1857 Austria and Germany made a similar agreement. Under this agreement, the principal coins, which at that time were of silver, were legal tender in all the territory of the Union. This agreement does not exist at present.

Another kind of monetary union which is, with-

out doubt the most perfect, is that of the confederations, such as the United States and the German Empire. This type of monetary union requires a certain union or cohesion of the parties forming it, or in other words, the establishment of certain legislative and executive powers common to all the contracting States. Pan-americanism has not advanced enough to allow for the adoption of such a system.

In consequence the matter under study would be reduced to the carrying out of a great monetary arrangement between all the American Republics, for the adoption of a common unit or type of money, more or less the same as the Latin Union. The unit adopted as a basis for this system would of course be a gold one, and this the only one to be coined without restriction.

The first thing to be considered is; if this project could be carried out, that is to say if it is possible.

Theoretically we may say that there is no impediment against the carrying out of this ideal. The resolution of the contracting parties to adhere to a monetary agreement, stipulating a common unit of money for all the American Republics, would be sufficient.

Speaking practically we may say that this project is quite possible, but at the same time there are so many difficulties to be surmounted, so many pitfalls to be avoided in the future, and besides so few advantages to be reaped from this reform that

it does not appear to be recommendable. At present it would be more than sufficient if all the American Republics adopted the gold standard, either putting gold coin in circulation, as in the United States, or establishing a fixed rate of exchange as in the Argentine Republic.

What are the difficulties to be overcome as regards the adoption of a common type of money for America?

At the beginning we must take note of the difficulties of an internal political kind, that may occur in some of the Republics with regard to the approval of such an agreement. These difficulties would be greatest in those Republics where the monetary reform would cause the most serious changes in the monetary system.

Now let us suppose these difficulties have been overcome; and let us consider the case of the American Republics that have accepted the reform.

In the Republics where the reform means an alteration in the value of money in use, it would be necessary to fix an equivalence between the new money and the old, for the payment of standing accounts. The contracts pending would be liquidated with the new money in the proportion of equivalence established by the law. Any difficulties in this respect caused by the change of the money standard would thus be solved.

A more serious difficulty would be that produced in the working of current prices. The general run of prices, such as salaries, rents of urban and rural

property, prices of sundry merchandise of national production, the fees for certain professional attendance etc. etc. the fixing of which has been the result of a long historical process, would be completely altered by the change of the money. Let us suppose, for example, that the «*peso*» of the new money of the «Union» had an increase of value in gold of 24¼% above the value of the old «*peso*» in circulation at the time of the reform. In this case many prices such as those of tram cars, of newspapers, of postage stamps, etc., that to-day are paid with 10 cents, could not be paid with 7.775 cents of the new money, on account of the difficulties such payment would offer. Probably many of the present prices would remain as they are now causing a rise in the cost of living.

Supposing we pass over these difficulties, however serious they may be, as they are of a transitory nature, and would after some time of disturbance, tend to form a new basis of prices, there would still remain other difficulties to be overcome.

Who would take charge of the fiscalisation and control of the exact fulfillment of the agreement regarding the alloy and weight of the money coined? If the coinage of the money, in one of the Republics of the Union was deficient in this respect, who would oblige that Republic to rectify its proceedure and what would be the punishment for such an offense?

It would also be necessary to stipulate conditions or rules assuring that the coins of light weight, caused by circulation, would be substituted.

These difficulties, which are of no little importance practically, may easily be overcome by taking all the necessary precautions in the monetary agreement of the American Union. The greatest of all the difficulties would still remain; that is the danger of the inconvertibility of the notes or paper money.

Paper money causes the fluctuations of international exchange or the depreciation of the currency. This means the failure of the agreement.

This downfall of the agreement might only be temporary but at the same time it might be definit; if the depreciation of the paper money should be prolonged for any length of time it would not be easy to again establish the primitive value of the gold coinage.

It might also be stipulated in the convention for a monetary union that all the American Republics, should renounce their right to issue inconvertible notes or the right to adopt a paper regime. This would be an agreement difficult to fulfil even if it was so stipulated in a contract, as at any time a critical economical situation might occur in any one of the contracting Republics, and a return to the inconvertible paper money would be difficult to avoid, such for instance, as a declaration of war. The Austro-German monetary union contained a clause prohibiting any one of the contracting parties to issue obligatory paper currency; not withstanding this prohibition, the Austrian government soon found itself obliged to return to a paper money regime and was obliged to remain in this

situation during the whole period of the agreement

Paper money is, in consequence, the most serious danger threatening an American monetary union.

Just as the monetary standards of the American Republics with a common origen from the Spanish «*peso*» have varied afterwards through the effects caused by paper money, in a like manner they might vary again after the adoption of a common monetary unit by all the American Republics.

Mere promises or agreements between the different contracting parties do not give sufficient surety to avoid the danger of the issue of paper money.

For this reason these kinds of monetary unions, can only be free from the danger of paper money in such confederations or groups of states as have one common executive and legislative power. If some day this should occur in America, then the way would be clear to carry out this ideal, meanwhile this is not the practical case we desire to solve.

I have already explained the many difficulties to be surmounted in the adoption of a common monetary unit for America; and I think I have shown the nature of these same difficulties.

I then explained that even after these difficulties had been overcome, there would still remain serious dangers in the future; which I consider I have also demonstrated. The danger of a return to paper money, is in itself of sufficient importance to justify my using the adjective «*Serious*».

To conclude my subject Iwill just point out the very few advantages that would accrue from the adoption of a reform so full of difficulties and dangers, and that it would be sufficient to procure a relative stability of international exchange, fixing a gold standard or a gold exchange standard for paper currency.

Among countries having a gold standard the international exchange is more or less stable and can only fluctuate within the narrow limits of the «gold point». The stability of international exchange is really the great desideratum to facilitate business.

The greater part of international payments are effected by means of drafts, therefore it matters very little to the person obliged to make payments in a foreign country, whether the money in which he makes his payment is of the same type as that of his own country or of a different one.

A Frenchman making a payment of £ 1,000 to an Englishman, procures a draft for that amount, paying for it, say 25,050 franc's or perhaps 25,250 francs, according to the rate of international exchange quoted at the time he purchases his draft. What advantage would there be for this Frenchman if there had been a common standard of money in both countries? If such had been the case our Frenchman would have had to purchase his draft for 25,221 francs, in place of £ 1,000, this being the exact equivalent of the latter sum. For this draft he would not have paid exactly the said sum of 25,221 francs but just a litte more or

less according to the type of international exchange quoted at the moment he purchased his draft; that is to say, he might have had to pay 25,050 or 25,250 francs, as in the present case.

In consequence, the Frenchman would have had no benefit by the circulation in England of francs in place of pounds sterling.

The question of two countries having the same type of currency, for example the same «*peso*» or the same «*franc*», does not signify that international exchange will remain invariable. Even if they had the same money standard, there would still exist the fluctuations of exchange caused by the expenses incurred during the tranfer of the money from one market to another. For example, there are fluctuations of international exchange between Switzerland and Paris, although both countries have the franc as a common unit. If in Chile we had a gold «*peso*» of the same value as the United States «*dollar*», we would still have fluctuation of exchange within the limits of the «*gold point*».

The only manifest advantage we can see in the adoption of a common type of money for America, would be for travellers going from one Republic to another, as they would find in all of them the same monetary system, and so save themselves the trouble of using a different kind of money. When I was in Rio de Janeiro for the first time, a waiter in the restaurant presented me with a bill for some thousands of reis for a frugal lunch and I thought I was being defrauded: These few advantages for travellers are not of sufficient importance to justify

a reform requiring such great efforts and exposed to so many dangers.

Finally it would be sufficient for the present, to procure a stable international exchange, which could be done if the different American Republics adopted a gold standard or in the impossibility of doing this, a gold exchange standard.

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